United Nations A/C.5/61/SR.9

General Assembly
Sixty-first session

Official Records

Distr.: General
16 November 2006

Original: English

Fifth Committee

Summary record of the 9th meeting
Held at Headquarters, New York, on Monday, 23 October 2006, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
later: Mr. Mammadov (Vice-Chairman) ..... (Azerbaijan)

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06-58225 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 47: Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields (A/60/846/Add.5 and A/60/904)

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Agenda item 132: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/60/846/Add.5 and A/60/904)

Agenda item 149: United Nations reform: measures and proposals

1. **The Chairman** recalled that at its sixtieth session the General Assembly had deferred consideration of the report of the Secretary-General on investing in the United Nations: for a stronger Organization worldwide: detailed report on procurement reform (A/60/846/Add.5) and the related report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/60/904) to its sixty-first session. The Committee had decided to discuss the two reports further in conjunction with the introduction of the related report of the Joint Inspection Unit (JIU).

2. **Mr. Yussuf** (Joint Inspection Unit), speaking via videoconference from Geneva, introduced the report of the Joint Inspection Unit on procurement practices within the United Nations system (A/59/721). He said that the main objective of the report was to identify opportunities for increasing procurement efficiency and effectiveness in the United Nations system, especially through productivity enhancement, improved cooperation and coordination and technological innovations; the intention of the report was to provide the General Assembly and legislative bodies of other United Nations system organizations with concrete recommendations.

3. While the scope and value of procurement activities varied significantly across the organizations and subgroups of the system, the function itself had become financially high-profile and high-risk, representing almost 40 per cent of the combined regular and extrabudgetary resources of the organizations. The United Nations accounted for 85 per cent of total procurement by United Nations system organizations. The JIU report covered all the organizations of the system, and focused on strategic issues most likely to contribute to the cost-effectiveness of the process within and among the organizations, namely cooperation and coordination, electronic procurement and capacity-building. It concluded that there was a need to rationalize, in particular, the procurement of common user items and to increase outsourcing as a means of reducing overlap and competition within the international procurement community.

4. The report discussed the shortcomings of the procurement function and the need for the training of staff. It recommended that emphasis should be placed on training in electronic procurement methods and on technical assistance in support of capacity-building for public procurement in developing countries and countries with economies in transition.

5. Procurement activities of the organizations did not currently have the benefit of central policy guidance: harmonization of policies, procedures and practices still had to make decisive headway. There had been some improvements, including the development of common approaches and tools such as the lead agency concept and the common supply database portal, but unfortunately both the Inter-Agency Procurement Working Group (IAPWG) mechanism and the Inter-Agency Procurement Services Office

(IAPSO) had an ill-defined status. The former remained an informal forum without policy or legislative oversight, while the latter was more a United Nations Development Programme (UNDP) entity than an inter-agency procurement facility.

6. The report recommended that the Secretary-General should review the feasibility and efficiency benefits of consolidating the overhead structures and costs of procurement services at Headquarters, as well as ways to strengthen collaboration and avoid overlap between the United Nations Office for Project Services (UNOPS) and IAPSO, possibly by merging them, which could result in annual savings of some US$ 800,000 through the elimination of duplicate posts. Additional benefits of such a merger would be the combining of their respective strengths and the rationalization of the procurement services and practices of the common system. The implications of a merger would need to be studied in greater detail. The senior management of UNOPS would be meeting in late November 2006 to examine ways and means of implementing the recommendation.

7. Electronic procurement was regarded by virtually all the organizations as offering potential for modernizing the procurement function and bringing it to world-class standards. Major constraints such as the lack of a legal and procedural framework and limited confidence in the reliability of electronic transactions had gradually been overcome. Revised financial regulations and rules in most organizations had also contributed to the use of electronic procurement, but despite some automation of procurement processes there was still a long way to go before electronic procurement could be implemented system-wide. The report offered a road map to that end.

8. The report also discussed how organizations could use the procurement function as a development tool in recipient countries by stimulating and strengthening local supplier markets and institutions, without prejudice to the integrity of basic procurement standards and procedures. In addition, organizations could develop capacity-building technical assistance programmes in support of public procurement agencies in recipient countries as part of good governance and public integrity programmes.

9. The report had been well received by individual organizations and by the United Nations System Chief Executives Board for Coordination (CEB) collectively. Most of the report's recommendations had been accepted by the organizations and had either already been implemented or were in the process of being implemented.

10. **Mr. Herman** (United Nations System Chief Executives Board for Coordination), introducing the note of the Secretary-General on the JIU report (A/59/721/Add.1), said that for the most part organizations had welcomed the comprehensive nature of the analysis presented in the report, noting that it contained a useful overview of the key areas of cooperation among agencies, touched on the key subjects of cooperation and capacity-building, and provided pointers to more effective use of electronic procurement techniques. By emphasizing in its recommendations such practices as procurement performance benchmarks, lead agencies, training of procurement officers, multilingual manuals and information sharing, the JIU report had focused on how to move towards a more rational approach to procurement.

11. The response to the JIU recommendations had, however, been mixed. While organizations had accepted some of them, they had mostly done so with reservations. For example, in respect of recommendation 7, CEB members had not accepted the call for the formalization of the mandate of the Inter-Agency Procurement Working Group, feeling that it would not add any value to the group's operation, whereas retaining its informal nature added to the free flow of knowledge among procurement practitioners. CEB members also differed with JIU regarding its recommendation 2, on lead agencies, since acting as a lead agency placed a significant burden on executing agencies, and many organizations were not in a position to assume such activities on a regular basis. Organizations had emphasized that the best procurement results had not always resulted from a lead agency model, and that while the model could be useful at times there should be flexibility in its implementation. Implementation had, nonetheless, already begun of recommendation 4, on legal support, and of recommendation 5, on pricing.

12. Organizations had expressed reservations regarding the method of analysis used by the JIU to measure cost-effectiveness, believing that more work needed to be done on the benchmarks used. Broadly, CEB members agreed with the report's overall message that more could be done to improve system-wide

harmonization of policies and practices. They noted the continuing efforts in organizations, and especially in the United Nations Secretariat, to conclude purchasing agreements allowing for economies of scale and improved pricing based on volume discounts. CEB members believed that procurement reform had benefited from increased cooperation among organizations.

13. **Ms. Lock** (South Africa), speaking on behalf of the Group of 77 and China, said that the greater demands placed on the procurement system, especially by the expansion of peacekeeping, made it timely to address the issue of procurement reform. She agreed, however, with the Advisory Committee that the JIU report focused only on issues of internal control, while other issues such as optimizing acquisition and procurement management had not been developed. It was regrettable that, based on the findings of an external consultant, an impression had been created that internal controls had failed. Many of the issues raised in the report had been the subject of discussion in the Fifth Committee for many years, and it was regrettable that some of the recommendations of the Board of Auditors, the Joint Inspection Unit and the Office of Internal Oversight Services (OIOS) had so far not been fully implemented. JIU was to be commended for a comprehensive and useful report which had raised a number of important issues and made pertinent recommendations that needed serious consideration. The Group also noted the comments of CEB. The study was another example of the valuable work undertaken by JIU within the United Nations system, and raised the question of the indiscriminate hiring of external consultants when in-house capabilities were available.

14. The Group welcomed the creation of the Ethics Office, the whistle-blower protection policy and the suggested programmes for ethics training of procurement staff, and looked forward to consideration of the report of the Secretary-General on the activities of the Ethics Office (A/61/274). The Group endorsed the supplier code of conduct and expected it to be applied in a consistent, universal, non-discriminatory and transparent manner. The Organization should be vigilant against the possible misuse of the independent bid protest system by vendors, which might undermine the procurement process. The Group called for an early resolution of the conflict between the ethics guidelines and the staff rules noted by the Advisory Committee (A/60/904, para. 7); the ethics guidelines for procurement staff should be issued as soon as possible and in all languages.

15. On the training of procurement staff, the Group looked forward to detailed discussion of the proposals to rotate staff and develop a strategic career development programme for them in the context of reform of human resources management.

16. Simple, transparent, implementable and rule-based procurement processes were a *sine qua non* of an efficient and effective system, and the Group welcomed regular updates of the Procurement Manual, the promulgation of revised terms and conditions for tenders, and the strengthening of the Vendor Review Committee and vendor roster. Yet instances of systemic and human failures in the procurement system continued to be reported. The Group wondered whether the focus was on symptoms rather than on the root causes of the problem, but encouraged the Secretariat to undertake expeditiously the planned review of rules and procedures applicable to the field.

17. Efficient and effective procurement required a high degree of accountability, which should not be applied selectively. The delegation of procurement authority from the Department of Management to the Department of Peacekeeping Operations necessitated close coordination between the two, and the Group awaited the report of the working group established to study the weaknesses in the control environment due to the splitting of responsibilities. The Group had also noted the proposed change in reporting authority for the Headquarters Committee on Contracts from the Office of Central Support Services to the Office of the Under-Secretary-General for Management, and recalled that the Secretariat had previously disputed a similar recommendation made by JIU; the Group would appreciate clarification. Any further initiative regarding information systems should take into account the proposed replacement of the Integrated Management Information System (IMIS) by the enterprise resource planning system.

18. With regard to strategic initiatives to optimize procurement performance, the Group had taken note of the proposals on a global contract system, improved compliance with procurement planning, the lead agency concept, utilization of the best value for money principle and electronic procurement. Procurement planning and coordination were essential for an efficient and effective procurement system that would

reduce costs and eliminate the need for circumventing established rules and procedures. Many of those issues were not new and it did not require a professional consultant to state the obvious.

19. Regarding the lead agency concept, the Group regretted that the provisions of General Assembly resolution 60/260 had not been respected. The General Assembly had not agreed to the concept and was awaiting a detailed proposal. The Secretariat should prepare guidelines ensuring consistency in determining needs and in evaluating the ability of vendors to meet them in a timely and cost-effective manner.

20. Regarding the best value for money concept, the Group considered that more details were required concerning its transparent, consistent and non-discriminatory implementation since there was legitimate apprehension about its possible manipulation and use as a restrictive measure against vendors from developing countries and countries with economies in transition. The Group urged the Secretariat to explore additional ways of promoting procurement from those countries. There had been no response to the General Assembly's request for concrete measures in that regard. In 2005, procurement from developing countries had amounted to only 33.9 per cent, lower than in 2001.

21. It should be recalled that one of the Organization's main priorities was to promote economic and social development, and that United Nations procurement would have a significant impact. Better outreach would also enable the United Nations to increase considerably the number of possible vendors, which would yield increased competition and lower prices. The Group trusted that the Secretariat would provide it with answers to the questions it had raised in connection with the item at the sixtieth session.

22. **Ms. Pehrman** (Finland), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Bosnia and Herzegovina and Montenegro; and, in addition, Iceland, Liechtenstein, Moldova, Norway and Ukraine, recalled that the value of procurement had increased significantly over the past two years as a direct result of the unprecedented surge in peacekeeping. Consequently, the procurement system was facing a number of challenges and, given the need to enhance transparency and accountability, the European Union fully supported the action taken to strengthen internal control measures. It also welcomed the steps taken to segregate duties and processes so as to avoid conflict of interest and promote integrity and ethics. In that connection, every effort must be made to issue the ethics guidelines for procurement staff.

23. Among the measures already implemented, the decision to exercise tighter control over ex post facto cases for review by the Committee on Contracts was particularly welcome. She was also satisfied with the ongoing implementation of best practices in order to improve the efficiency of the procurement process. With regard to the risk management strategy, the European Union would be grateful for additional information about the diagnostic tools designed to identify potential anomalies in financial transactions and about the current level of system-wide cooperation in the area of procurement. The Secretariat should also provide further details of the efforts under way to clarify the organizational structure for procurement management and to tighten internal controls, and of the development of a formal training policy and the associated resource requirements.

24. The temporary nature of the posts authorized by the General Assembly earlier in 2006 had made it difficult to fill them. Permanent resources should be committed to support the objectives of procurement reform.

25. **Mr. Talbot** (Guyana), speaking on behalf of the Rio Group, said that the procurement system should be continually improved so as to keep pace with the growing size and complexity of United Nations operations. The system must be efficient and reliable, and it was vital to ensure that developing countries and countries with economies in transition had access to it.

26. The Secretary-General's report (A/60/846/Add.5) made a positive contribution to procurement reform. The Rio Group welcomed the measures to promote ethics, integrity and transparency, especially the establishment of the Ethics Office, the implementation of the whistle-blower protection policy and the provision of ethics training to all procurement staff. However, some of the other proposals set out in the report would require further discussion.

27. While he recognized the value of the proposed measures relating to the management of procurement

staff, career development frameworks for such staff must take account of the broader discussions on human resources management reform. The Advisory Committee on Administrative and Budgetary Questions had identified a conflict between the ethics guidelines for procurement staff and the staff rules, which must be resolved prior to the issuance of the former in all official languages.

28. He welcomed the revised terms and conditions for tenders, since it was of the utmost importance to ensure that the terms were transparent, consistent and non-discriminatory. The strengthening of the Vendor Review Committee and of the vendor roster were also important steps, since proper planning and coordination were vital to an efficient and effective procurement system and must be addressed in a satisfactory manner.

29. The governance structure of the procurement services was largely to blame for their shortcomings. An efficient and effective procurement system should combine clear delegation of authority with proper oversight, and accountability should rest with the delegating authority. The Department of Management should coordinate its activities with those of the Department of Peacekeeping Operations and, in that connection, the Rio Group was awaiting the outcome of the deliberations of the working group on organizational structure. Procurement information systems should be further enhanced and integrated.

30. Notwithstanding the apparent benefits of the lead agency concept, no legislative mandate existed for its implementation. However, he agreed with the Advisory Committee that the Secretariat should further develop the concept, including by evaluating the ability of prospective vendors to meet needs in a timely and cost-effective manner. The Rio Group would also like to examine in more detail the principle of best value for money, since it had serious concerns about the potential for discrimination against vendors from developing countries and countries with economies in transition. The Group attached particular importance to improving procurement opportunities for vendors from those countries. While the promotional business seminars were a welcome development in that regard, the Secretariat should seek additional methods of achieving its objectives. Lastly, the Advisory Committee's request (A/60/904, para. 20) for information on the statistical analysis employed to determine the trends in procurement from developing countries and countries in transition was rather worrying, since the current imbalance between purchases from developed and developing countries might be even greater than that described in the report.

31. **Mr. Taula** (New Zealand), speaking also on behalf of Australia and Canada, said that procurement outcomes should and could be improved and stressed that procurement reform was a key component of the wider process of management reform. Existing procurement processes had failed to keep pace with the evolving needs of managers in the field, and the resulting problems created unnecessary risks and costs, thereby reducing the effectiveness of the Organization, damaging its credibility and undermining support for its operations.

32. United Nations procurement processes should support the effective and efficient implementation of the Organization's mandates; provide realistic guidance and, where necessary, flexibility; set high standards of transparency, fairness and accountability; and provide for disciplined internal controls. A number of important reform measures had already been implemented and more were under way. However, further meaningful progress would not be achieved solely by creating new posts.

33. He would be grateful for an overview of the reform proposals and for updates on the implementation of specific measures. In particular, he requested further information about the establishment of an independent bid protest system; the required professional qualifications for procurement staff; the progress made by the working group established to examine possible weaknesses in the control environment; and the outcome of the review of the financial threshold in respect of procurement requirements to be vetted by the Headquarters Committee on Contracts. Lastly, he asked whether any additional reports on procurement could be expected in the near future.

34. **Mr. Nguyen Tat Thanh** (Viet Nam) said that the unprecedented expansion of the Organization's peacekeeping operations had led to a significant increase in procurement activities. He welcomed the Secretary-General's report on procurement reform and expressed strong support for the action taken to strengthen internal controls in the areas of ethics and integrity, management and staff, governance and information systems.

35. Viet Nam agreed with the Advisory Committee that the procurement process in general remained unduly slow and involved duplicative steps. The Secretariat must therefore step up its efforts to further streamline and simplify all the related procedures, taking account of international best practices, in order to enhance transparency and efficiency. In particular, measures should be taken to reduce the workload of businesses from developing countries, which had fewer resources and less experience than their counterparts from developed countries.

36. In accordance with the relevant General Assembly resolutions, increasing procurement opportunities for vendors from developing countries was now a priority. However, the number of procurement contracts awarded to developing countries and countries with economies in transition had barely risen since 2001, even though their overall competitiveness had increased considerably. In order to ensure that vendors from those countries were treated fairly, the Secretariat should earmark more resources for capacity-building.

37. **Mr. Brant** (Brazil) stressed that procurement reform was one of the most important aspects of the management reform package, since the increased operational needs of the Organization called for an effective and reliable procurement system. However, in addition to developing a robust accountability framework for procurement processes, further efforts were needed to promote procurement in developing countries and countries with economies in transition. In that connection, he was concerned about the implementation of the principle of best value for money. In 2005, 41 per cent of the total number of procurement contracts had been awarded in accordance with that principle, and 80 per cent of those contracts had gone to companies in developed countries. It was therefore vital to ensure that the implementation of the principle did not engender discrimination against developing countries and countries with economies in transition.

38. **Mr. Debabeche** (Algeria) wondered whether the ongoing reform of procurement at the United Nations had been initiated in response to the oil-for-food scandal, and pointed out that the oil-for-food programme had been managed by the Security Council and not the General Assembly. Procurement reform should have been a routine matter, but poor managerial practices within the Procurement Service had given the impression that incompetence and unethical conduct were rife throughout the Organization.

39. Unfortunately, the recruitment procedures for procurement staff were not sufficiently rigorous, and it had therefore become necessary to introduce a costly training programme. The training modules on ethics and integrity would not be required if prospective recruits were properly vetted. Furthermore, the Secretary-General's report made barely any mention of accountability, even though it was inextricably linked to the delegation of authority. Any reform that failed to consider that issue was destined for failure.

40. In its comments on the report of the Joint Inspection Unit, the United Nations System Chief Executives Board for Coordination had focused on purely managerial issues, while the Secretary-General's report had concentrated on internal controls. That would explain the decision, which was neither objective nor innocent, to hire the consulting firm Deloitte & Touche, thereby undermining the credibility of the Organization's own internal control mechanisms. In that connection, he asked how much the consultant had been paid and pointed out that the money could have been put to better use as a contribution to the Development Account. The Secretariat's propensity for contracting consultants at the drop of a hat should be scrutinized.

41. The Advisory Committee had not objected to the creation of six additional posts and the reclassification of a D-1 post at the D-2 level. In addition, a risk management strategy had been introduced and the Procurement Manual had been updated. However, he remained cautious about a number of proposals and concepts, including the creation of a web portal for vendor registration, which penalized vendors who did not have Internet access or were unfamiliar with web-based tools. Moreover, the implementation of the principle of best value for money would be detrimental to vendors from developing countries, whose share of procurement was already diminishing. The issue of information technology would have to be discussed further following the Secretary-General's forthcoming report on that subject.

42. Ultimately, the consultant's report did not contain anything new. Recruiting additional staff was not a panacea and would not result in increased transparency or improved management.

43. **Mr. Al Khuraishi** (Saudi Arabia) said that he attached great importance to procurement reform. However, while Saudi Arabia had attended the business seminars held by the Procurement Service and had invited relevant officials to meet local vendors and inspect their high-quality and competitive goods, the number of procurement contracts awarded to Saudi companies had not increased. Further efforts were therefore needed to promote procurement activities in developing countries.

44. He welcomed the restructuring of the Headquarters Committee on Contracts, which now reported directly to the Under-Secretary-General for Management. The Secretary-General's proposal to provide procurement staff with a minimum of two training sessions a year and the introduction of a lateral reassignment programme were also positive developments. He was pleased that additional measures had been taken to strengthen internal controls over daily activities and took the view that transparency and integrity would be further enhanced with the establishment of an effective system of personal accountability, including appropriate sanctions for anyone violating the procurement rules and regulations. In that connection, the Secretary-General's efforts to protect whistle-blowers were commendable.

45. Referring to the Procurement Manual, he said that it should be a living document that reflected best practices in public sector procurement. Lastly, he welcomed the establishment of a new central procurement department to oversee procurement activities in field missions.

46. **Mr. Hussain** (Pakistan) said the exponential growth of United Nations procurement activities and reports of impropriety in the procurement process justified procurement reform to address a range of longstanding problems identified by oversight bodies and the General Assembly. He expressed concern, for example, that although developing countries had reached a participation level of 44.5 per cent of procurement activities, most procurement continued to go to a relative handful of suppliers. In addition, opportunities in African peacekeeping activities were dominated by North American and European companies, reducing opportunities for local suppliers. He therefore supported local inter-agency benchmarking and, where appropriate, joint procurement at the local level.

47. Outreach activities to increase developing countries' participation in the procurement process should continue. Increased registration of local vendors from developing countries would increase their prospects. A uniform technical evaluation procedure for prospective vendors and performance assessment of vendors would eliminate favouritism and ensure transparency and fairness. Since significant procurement occurred at the local level, compliance with the Procurement Manual, in particular by local vendor review committees and vendor database officers, was essential in order to enhance accountability. Missions must also insist on performance bonds of 10 to 30 per cent of the contract price for contracts over $100,000.

48. Appropriate action plans must be developed to reduce the significant number of vacant procurement posts in peacekeeping missions, with priority given in the near term to key posts such as chief procurement officer. Administrative heads of peacekeeping missions must be held accountable for submitting procurement plans on time, with submissions monitored on a quarterly basis. Sound planning would indicate whether the mission was capable of meeting its procurement requirements and help to ensure that appropriate procedures were followed, thus eliminating the need for exigency and ex post facto actions. Noting that the average lead time for contract approvals ranged from 7 to 461 days, he stressed the need for measures to shorten the contracting process.

49. The Secretariat had taken a number of steps in the right direction in response to the numerous recommendations. He welcomed the establishment of a joint working group of the Department of Management and the Department of Peacekeeping Operations and looked forward to its recommendations. The Secretary-General should pay special attention to updating the field procurement system while taking into account the requirements of Headquarters. The Procurement Reform Implementation Team due to be established should focus on the whole range of internal control issues. The Secretary-General's measures to optimize acquisition and procurement management, such as dispute resolution and competency models hiring standards, were important steps forward.

50. In addition to the progress already made, reform must lead to implementation of a strong accountability and ethics framework, full respect for financial rules, strong internal controls, more efficient procurement,

prevention of fraud, improved procedures and controls to reduce the risk factor caused by over-reliance on human resources, award of contracts on an equitable geographical basis, and greater local level procurement. Procedures for technical evaluation of vendors must be complied with and the discretion of procurement officers should be restricted by vendor review committees in all missions.

51. Performance bonds should be obtained from all contractors, procurement staff vacancy rates must be lowered and each mission should have a procurement plan. Externally evaluated training programmes for procurement officers should be developed and a code of conduct for suppliers widely disseminated. Safeguards must be developed to minimize ex post facto procurement and exigency procurement should be limited. There should be a clear division of responsibility between Headquarters and field offices; monitoring of procurement activity by managers, including with regard to implementation of oversight body recommendations and accountability of staff, should be strengthened; and a systematic risk assessment process for the review of procurement, both at Headquarters and in the field, should be established.

52. **Mr. Yoo** Dae-jong (Republic of Korea) recalled that procurement activities, in particular procurement for peacekeeping operations, had greatly increased in volume and complexity. Allegations of mismanagement and fraud had underscored the need to reform the procurement system through strengthened internal controls and transparent management. He therefore welcomed the efforts to increase transparency and avoid conflicts of interest described in the report of the Secretary-General (A/60/846/Add.5). Other aspects however, such as optimization of acquisition and procurement management, were less well developed.

53. He requested clarification regarding the timeline for the submission of related reports to the Committee, in particular the report on the division of peacekeeping mission acquisition management responsibilities between the Department of Management and the Department of Peacekeeping Operations. He expressed support for the review of field procurement rules and procedures with a view to establishing special procedures in support of immediate operational requirements, given that the current process was slow with a duplication of steps. The involvement of industry experts would promote the efficient delivery of services to the field.

54. He would welcome more information on the measures being explored to optimize acquisition and procurement management and save costs. He stressed that partnership with other United Nations system bodies also had great potential to yield economies of scale and stability of supply. Such partnerships must be extended in order to improve coordination and eliminate duplication.

55. **Mr. Garcia** (United States of America) reiterated the need for reform to provide the Organization with a transparent and efficiently managed procurement process. The many vacancies in field procurement posts must be filled and procurement staff must be provided with appropriate training. He welcomed efforts by the Secretariat to strengthen internal controls and optimize acquisition and procurement management. Some cost savings had been achieved as a result, and he welcomed the continuing efforts of the Secretary-General to address concerns relating to procurement system processes and internal control system deficiencies.

56. The Secretary-General must, however, take a more proactive approach, particularly to improve oversight, establish internal controls and clarify responsibilities for Headquarters and field personnel involved in procurement. He urged rapid implementation of the independent bid process system. He agreed with ACABQ that the procurement reforms outlined by the Secretary-General in his report required further development and endorsed its recommendations regarding procurement-related resources. He reiterated his delegation's concern that the General Assembly had allocated only general temporary assistance for that purpose and urged the allocation of regular funding for filling vacancies, information technology, legal processes, management reviews and training, and strengthened outreach by the end of the main part of the session.

57. Reform of the procurement system focused on the strengthening of internal controls, improved acquisition management to reduce costs, and training of staff. Reform offered an opportunity to meet the ultimate goal of increasing Member States' confidence in the procurement system by ensuring the Organization delivered its services in a timely, efficient and cost-effective manner.

58. **Mr. Kozaki** (Japan) said that procurement reform was essential; fraud damaged the reputation of the

Organization and made it difficult for Member States to justify contributing. His delegation had an obligation to its taxpayers to ensure that its assessed contributions were used in a transparent, accountable and efficient manner. Given the increase in the volume of procurement and the surge in peacekeeping operations, the weaknesses in the internal control framework must be remedied without delay.

59. The report of the Secretary-General (A/60/846/Add.5) attempted to address those weaknesses and his delegation was ready to consider changes in the procurement process if given assurances they would enhance transparency, accountability and efficiency. Internal control and oversight must be strengthened, responsibility and accountability must be clarified and measures to prevent fraud must be implemented. Particular care must be taken to ensure that any measures adopted would improve oversight in the difficult context of field operations.

60. **Mr. Aljunied** (Singapore) said that although some shortcomings had been identified in the Organization's procurement system, care must be taken to avoid giving the impression that there was pervasive corruption and fraud. The issue of reform must be approached objectively with a view to strengthening the Organization and not used to promote parochial interests or individual agendas.

61. There was a lack of clarity regarding delegation of authority and accountability for procurement between the Department of Management and the Department of Peacekeeping Operations, especially at the level of senior management. Delegation of authority was an integral part of internal control and a central focus of procurement reform.

62. With regard to the investigation of procurement undertaken by the Office of Internal Oversight Services and its Procurement Task Force he noted that the Procurement Task Force had issued seven reports on six of the eight staff members placed on leave and expected to conclude reports on the two remaining staff members by the end of October. Recalling that ten months had elapsed since the staff members had been placed on leave, he asked when the seven reports would be made available to Member States, where they were currently and whether the remaining two investigations had been concluded. He also wondered who would receive the reports on the two remaining staff members and whether the body receiving the reports was required to respond in a timely manner. He would appreciate a response from OIOS in a formal meeting.

63. **Mr. Abdelmannan** (Sudan) recalled the importance of increasing the share of the Organization's procurement needs met by developing and transition countries. The Secretariat and the Procurement Service must devote more attention to evaluating the capabilities of suppliers in such countries and to disseminating information to them about the Organization's procurement needs and the procedures to be followed for responding to tenders. New ways of encouraging suppliers from developing and transition countries should be developed and the reform process should include new rules relating to the need to encourage procurement from them.

64. The discretionary powers of procurement officers should be limited, and all rules and procedures should be followed in order to ensure accountability and transparency; proper training of procurement officers would increase their professionalism. He expressed support for the views of ACABQ on reform of the procurement process (A/60/904) and stressed the need to coordinate the reform process with the Ethics Office.

65. **Mr. Safaei** (Islamic Republic of Iran) said that most of the issues under discussion were not new; it was regrettable that the earlier recommendations of Member States had not been fully implemented. Iran advocated a transparent and simple procurement process which would enable all vendors, especially in developing countries, to receive information in time and to react in time. It was certainly a good idea to hold business seminars to enhance the awareness of developing country vendors.

66. **Mr. Sach** (Controller) said that the Secretariat was grateful for the action taken by the Committee in July to provide an infusion of resources for the procurement process, which had resulted in rapid moves to recruit additional staff. It also looked forward to supplementary action at the current session in response to the recommendations contained in the Secretary-General's report (A/60/846/Add.5).

67. The lead agency concept was not a new one: provision was in fact made for it in rule 105.17 of the Financial Regulations and Rules. With regard to the possibility of additional cooperation between UNOPS and IAPSO mentioned by the representative of JIU, he noted that resolution 60/260 called for an assessment

of the effectiveness of the internal controls in the bodies concerned and the ways in which they differed from the controls operated by the United Nations Procurement Service. The promotion of the lead agency concept must not be allowed to undermine the general quality of internal controls. The question of further cooperation should be addressed with caution pending the determination of the financial position of UNOPS: its financial statements for 2004-2005 had not yet been submitted and no audit opinion had been issued on its operations.

68. The question of delegation of authority hinged on the capacity of the procurement system to cope with the major challenge posed by the expansion of peacekeeping operations. Simplistic solutions must be avoided: the deficiencies in the procurement system could not be solved by transferring responsibilities from one department to another. The main problem was to build up the capacity to procure while maintaining adequate internal control. There were procurement staffing problems within the peacekeeping missions. However, the Department of Peacekeeping Operations had some authority for capacity-building, and the Department of Management intended to work closely with it with a view to putting proposals before the Committee at the resumed session which addressed the governance issues in such a way as to ensure full operational capacity without diluting the requirements of internal control.

69. The Secretariat was behind schedule with the announcement of detailed requirements for a bid protest system but hoped to put on the Internet in November the debriefing arrangements which were to follow the award of contracts as a step towards a comprehensive bid protest system.

70. There was certainly a need to address the issue of the participation of developing countries and countries with economies in transition in the procurement system. The Secretary-General's report contained a proposal for a new P-3 post to coordinate the work of widening States' access to the Organization's procurement operations. The present problem was that the absence of a post dedicated to coordination caused a conflict between immediate operational procurement requirements and the longer-term need to widen the vendor base and provide equal access to procurement opportunities.

71. Although the best value for money approach was intended to secure the Organization's best interests it was understandable that Member States should be concerned about how the approach worked in practice and whether it affected their access to procurement opportunities. The review being prepared for OIOS should indicate how such an approach could be used to improve procurement without having a negative effect on sources of supply.

72. The Secretariat would convey the requests of the representative of Singapore relating to the suspended staff members to OIOS. On the question of recourse to outside consultants, he referred the Committee to the Secretariat's written reply dated 25 May.

73. As far as resources and capacity were concerned, the action taken by the Committee in July following its discussion of the Secretary-General's report had been provisional. The Secretariat awaited definitive action with regard to resources to be made available from 1 January 2007 to address the Organization's longer-term procurement-capacity requirements. The need was to ensure that the deficiencies were tackled systematically in order to produce a procurement system which was operationally effective but subject to appropriate control.

74. **Mr. Aljunied** (Singapore) said that his delegation appreciated the connection between capacity and delegation of authority, but thought that the Secretariat should explore further ways in which authority could be delegated effectively and accountability enhanced. In view of the issue's importance it should not be deferred to the resumed session.

75. **Ms. Udo** (Nigeria) said that her delegation was not convinced that the appointment of a staff member at the P-3 level to coordinate efforts to improve the participation of the developing countries in procurement was a sufficient response.

76. **Mr. Golovinov** (Russian Federation) said that the Russian Federation had consistently advocated increasing the effectiveness and reliability of the procurement system within the existing rules and in accordance with the General Assembly's resolutions. For the purposes of its further consideration of the topic the Committee was awaiting several reports, some of which would not be available until 2007. That situation made the present discussion more difficult, especially as the Secretary-General's report contained only limited information. His delegation would

welcome in that connection a more detailed response to resolution 59/288. The Committee was also awaiting the Secretary-General's proposals on conflicts of interest called for in a number of General Assembly resolutions. The Advisory Committee was right to point out in paragraph 25 of its report (A/60/904) that the Secretary-General's proposals for procurement reform were merely a stage in a process requiring further development.

77. **Mr. Sach** (Controller) said that it would be better to defer discussion of the delegation of authority to the resumed session because the Secretary-General's report would be available by then. It must be remembered that the transfer of authority on paper was not a sufficient guarantee of the full integrity of a control system. An appropriate accountability and response mechanism must be built into the transfer in order to ensure that the intention of the Financial Regulations and Rules was fulfilled by the recipient of the authority. The issuer of the delegation must retain a residual responsibility for compliance, for otherwise delegation might prove tantamount to abdication.

78. In response to the question raised by the representative of Nigeria he said that the establishment of the P-3 post should not be seen as the sole indicator of the Secretariat's commitment: it was in fact the tip of the iceberg in respect of the total resources devoted to securing broader sources of supply and providing access for all the Member States. The Secretary-General's report on conflicts of interest was due to be issued in 2007, but action was being taken on the issue in the interim.

79. **Mr. Aljunied** (Singapore) said that his delegation was not convinced by the Controller's explanation concerning delegation of authority, initial steps could be taken immediately.

80. **Mr. Jussuf** (Joint Inspection Unit) said that it was regrettable that CEB could not accept recommendation 7 as set out in the JIU report, for JIU believed very strongly in the need to formalize the inter-agency cooperation and coordination role of IAPWG, a view supported by the agencies themselves. JIU had made its recommendation for the merger of UNOPS and IAPSO two years earlier, when the finances of UNOPS had been in good order. It still advocated the merger, which would produce savings of some $800,000 a year, and urged the Committee to give careful consideration to recommendation 8. He agreed wholeheartedly with the representative of the Sudan on the need for training in the developing countries and the countries with economies in transition; it was high time to provide capacity-building to enable them to participate in procurement. It was therefore important for Member States to act on recommendation 10.

The meeting rose at 1 p.m.

United Nations A/C.5/61/SR.10

General Assembly
Sixty-first session

Official Records

Distr.: General
17 November 2006

Original: English

Fifth Committee

Summary record of the 10th meeting
Held at Headquarters, New York, on Wednesday, 25 October 2006, at 10 a.m.

Chairman: Mr. Yousfi ..... (Algeria)
later: Mr. Mitsopoulos (Vice-Chairman) ..... (Greece)

Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Abraszewski

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06-58488 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 125: United Nations common system
(A/60/723; A/61/30, A/61/381 and A/61/484)

1. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission), introducing the report of the International Civil Service Commission (ICSC) for the year 2006 (A/61/30), said that in view of the deferment to the current session of the discussion of parts of the reports of the International Civil Service Commission for the year 2004 (A/59/30) and for the year 2005 (A/60/30 and Corr.1) it would be useful for him to review some of the pending issues from the 2005 report, especially the recommendations now superseded by recommendations made in the report for the year 2006 (A/61/30).

2. In its 2005 report the Commission had set forth new mobility and hardship arrangements designed as a flat rate of salary on a cost-neutral basis; it now proposed a new implementation date of 1 January 2007, which would have no financial implications as the arrangements were to be delinked from the base/floor salary scale. The first triennial review of the mobility and hardship allowance under the proposed revised methodology should still be conducted in 2008.

3. The vulnerability of staff members in the current perilous times could not be overstated. The recommendations set out in paragraph 147 of the 2005 report had been designed to address the new challenges by increasing the level of hazard pay and expanding the payment criteria. The Commission had also recommended that the revised methodology for the review of the mobility and hardship allowance should be applied to hazard pay, again with the first review in 2008.

4. The Commission had decided to combine its recommendation on adjustment of the base/floor salary scale for 2005 and 2006 to reflect the two-year movement of the comparator net salaries. Thus the recommendation contained in paragraph 193 of the 2005 report was superseded by the one contained in paragraph 94 (a) of the 2006 report. The margin level for 2005 had been 111.1, while for 2006 it was 114.3; the average level for the past five years was 111.4.

5. Three interrelated issues demonstrated the impossibility of taking decisions on human resources matters in isolation from each other. Firstly, in its 2005 report the Commission had presented a framework for contractual arrangements to reflect career and non-career service and help to harmonize the existing arrangements. It had decided to recommend three types of contract: continuing, fixed-term, and temporary. Secondly, with regard to the entitlements of internationally recruited staff serving at non-family duty stations, it had concluded in paragraph 161 that separate approaches should be maintained to meet the needs of different groups of staff serving under different types of appointment, in particular the personnel of peacekeeping operations and political and peacebuilding missions. Thirdly, in its 2006 report the Commission addressed the question of field missions and the practice of converting 300-series appointments (of limited duration) to 100-series. In the light of detailed information received from the United Nations the Commission had concluded that there were several constraints associated with the contractual status of mission personnel that impeded programme delivery. It had therefore decided to explore the question of career service for such personnel within the contractual framework recommended in the 2005 report and had set up a working group to examine the harmonization of entitlements and benefits across the system. Thus the recommendations contained in paragraph 181 of the 2006 report superseded the ones in paragraph 161 of the 2005 report.

6. The third matter was the grade equivalency study: it would not now be concluded until 2007, and the findings would be presented to the General Assembly at its sixty-second session. The delay was due to administrative problems in some of the reference countries.

7. Turning to the 2006 report, he said that under the established methodology for award of the education grant, increases in the level of the grant were triggered both by increases in school fees and by the percentage of claims above the level of allowable expenses. The Commission had made a number of adjustments to the methodology to deal with anomalies arising in France and Norway and had discontinued the special measures applicable in Romania. Full details would be found in paragraph 62 of the report. The Commission was in fact reviewing the methodology: it was considering inter alia the feasibility of lump-sum payments and ways of simplifying and improving the methodology, including the possibility of revising the eligibility criteria. The working group on the question was to

report its findings in 2007. The Commission also intended to review the methodology for determining dependency allowances, the revised levels of which were indicated in annex V to the report.

8. The Commission's periodic review of the advancement of women in the organizations of the common system had revealed only limited progress, especially at the senior levels. It had urged the organizations to implement policies to correct the imbalance and would continue to monitor the situation. Details of its recommendations would be found in paragraph 112 of the report.

9. Following its study of national professional officers the Commission had reaffirmed the principles established in 1994. It would continue the study by analysing the use of the relevant United Nations salary survey methodology in surveys of the salaries of national professional officers.

10. The pilot study of broad banding/pay-for-performance continued to advance, with good results reported, particularly in performance management in some of the volunteer organizations. The Commission intended to keep a close watch on the compliance of those organizations with the framework established at the start of the project, described in annex II to the 2004 report (Vol. 1). The study itself was described in paragraphs 19 to 32 of the 2006 report.

11. The Commission had recently completed its work on three other matters of interest. Firstly, it had concluded on the basis of its reviews of four national civil services for the purposes of a total compensation comparison not to proceed with a phase II study of any of them, as none was a suitable replacement for the current comparator. Secondly, in the light of the results of the place-to-place post adjustment surveys and the recommendations of its Advisory Committee on Post Adjustment Questions, the Commission had approved new post adjustment classifications for the nine locations covered by the surveys. Thirdly, the recommended salary scales resulting from the surveys of the conditions of service of General Service staff conducted in Paris and Montreal in 2005 and in Rome and New York in 2006 were set out in annexes IX and X to the 2005 report and in paragraphs 158 to 160 and 162 to 165 of the 2006 report respectively. Since it was particularly difficult to apply the survey methodology fully in New York because it had five separate categories of locally recruited staff, the Commission had decided to discontinue separate surveys: in future it would survey only the New York General Service category and apply its findings to the others.

12. The Commission had been provided with a progress report by the United Nations System Chief Executives Board for Coordination (CEB) on plans for the further development of the Senior Management Network. However, some issues, such as consistency of purpose and coordination between senior managers in different organizations, remained unclear. The ICSC role was to facilitate and monitor the introduction of criteria for entry to the network and the establishment of a balance between cultural diversity and organizational needs. It had requested regular updates on the situation.

13. **Ms. Nowlan** (Programme Planning and Budget Division) introducing the Secretary-General's statement of the administrative and financial implications of the decisions and recommendations contained in the reports of the International Civil Service Commission for 2005 and 2006 (A/61/381), said that the statement covered the programme budget implications for the biennium 2006-2007 of the decisions on the base/floor salary and staff assessment scales; post adjustment; the education grant; hazard pay; and the conditions of service of General Service staff in New York. As reflected in the statement, the requirements under the programme budget for the current biennium resulting from the recommendations and decisions of the Commission would be taken into consideration when the first performance report for the biennium was completed.

14. **Mr. Abraszewski** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the administrative and financial implications of the decisions and recommendations contained in the reports of the International Civil Service Commission for 2005 and 2006 (A/61/484), said that consistent with past practice the Advisory Committee had confined its consideration of the financial implications of the recommendations contained in the ICSC report to those submitted to the General Assembly by the Secretary-General in his statement (A/61/381). The Advisory Committee had not commented on the recommendations themselves or on their underlying methodology. It had no objection to the Secretary-General's proposal that the financial

implications of the recommendations for the programme budget for the biennium 2006-2007, estimated at US$ 9,562,100, should be reflected in the first performance report for the biennium.

15. **Mr. Herman** (United Nations System Chief Executives Board for Coordination), introducing the note by the Secretary-General on the mobility and hardship allowance (A/60/73), said that in the statement adopted by the Chief Executives Board for Coordination at its second regular session of 2005 organizations had stressed the important role that a mobile workforce played in their ability to achieve their strategic goals, and had put in place policies that sought to enhance staff mobility. In order to arrive at the new mobility and hardship scheme, organizations had worked closely and collaboratively with the International Civil Service Commission. The executive heads fully supported the product of that joint effort, and urged the General Assembly to approve the new scheme.

16. *Mr. Mitsopoulos (Greece), Vice-Chairman, took the Chair.*

17. **The Chairman**, in accordance with General Assembly resolution 35/213, invited the President of the Federation of International Civil Servants' Associations (FICSA) to make a statement.

18. **Mr. Weissel** (Federation of International Civil Servants' Associations) said that FICSA had participated fully in the Commission's deliberations on common system issues during 2006, and its views were clearly indicated in the report (A/61/30), albeit in a much shorter form than it would have liked due to restrictions on the length of documents.

19. FICSA continued to be concerned with regard to some of ICSC's recommendations made in 2005 which were still pending. One major issue was the proposed mobility and hardship scheme. While FICSA would have preferred to retain the existing scheme, it believed that the proposal represented the best compromise in light of the limitations set at the outset, and it fully supported the Commission's recommendation that the new scheme should be implemented as of 1 January 2007.

20. As for the salaries of staff in the Professional and higher categories, FICSA took note of the Commission's recommendation for an increase of 4.57 per cent in the base/floor salary scale on a no loss/no gain basis with effect from 1 January 2007, and that the recommendation reflected the movement of comparator net salaries for both 2005 and 2006. FICSA remained seriously concerned, however, that the United States/United Nations net remuneration margin had not reached the desirable midpoint of 115 in its five-year average since 1997, and was disappointed that ICSC had not made a clear recommendation for a return to the 115 midpoint. FICSA was also deeply disappointed that ICSC had decided to conclude its current Noblemaire study to identify the highest paid national civil service by retaining the current comparator, since it did not believe that the study had been sufficiently comprehensive or inclusive.

21. With regard to the conditions of employment of General Service staff, feedback from a number of field locations had indicated an urgent need to increase the level of participation of local salary survey committees. FICSA would work with ICSC and the responsible organizations to that end.

22. FICSA noted that the progress reports on the pilot studies on broad banding and pay-for-performance indicated that most of the five volunteer organizations participating were taking measures to ensure that they had viable performance appraisal mechanisms in place. That was something of a paradox, since at the outset of the study one of the conditions for participation had been that the volunteer organizations already had such systems in place. FICSA reiterated its long-standing and serious concerns about the present review of the pay and benefits system, and the relevance of such concepts as pay-for-performance and broad banding to the common system. FICSA was also concerned over reports that the volunteer organizations had not adhered strictly to the criteria established for the pilot study, thereby running the risk of making a mockery of the parameters set, with the additional risk that the results would be skewed, thus making it impossible to conduct a fair and proper evaluation.

23. Adoption of the ICSC generic contractual arrangements framework was still pending, and he repeated that any new arrangements must not only be fair and transparent but should also offer the possibility of career service to a designated proportion of staff. FICSA urged the Committee to reject any contractual terms of service that did not provide for that possibility. The safeguarding of an impartial and independent international civil service depended on the possibility of a career international civil service.

24. FICSA was pleased that ICSC had urged the organizations to establish policies and strategies to achieve improved gender balance. It was the very minimum that had to be done, since the United Nations system still had a long way to go before it achieved gender parity, particularly at the higher levels. It was also imperative to seek an understanding as to why there was an unacceptably high exit rate among women after a relatively short period of service. FICSA supported ICSC's recommendation to establish a working group to examine the conversion from the 300 series of the Staff Rules to the 100 series and the interim measures proposed, and looked forward to participating in the working group.

25. FICSA stood fully behind ICSC's 2005 recommendation for a long overdue increase in hazard pay for Professional staff. In fact, FICSA would have wished to see an even bigger proposed increase, as it was not an area where corners could be cut or savings sought. For years, FICSA had been advocating that hazard pay should be paid to staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), but no payments had been made, and no funds had been earmarked. Noting that UNRWA staff working in Gaza and the West Bank, especially during the recent crisis, had been subjected to intense security concerns and were working in a volatile and difficult environment, he reiterated the suggestion that one possible solution might be for a special annual allocation from Member States, both donors and non-donors, to fund payment of hazard pay.

26. Regarding the recent crisis in the Middle East, FICSA expressed its condolences over the loss of life of civilian and military colleagues, and commended those who had acted swiftly to ensure the safety and security of a large number of staff members and their dependants. FICSA wished to remind the Committee that it was only through sustained, central and regular funding of the United Nations security management system that a consistent and sustainable level of protection could be assured to all staff throughout the system.

27. The review of ICSC was both important and timely, and would have a long-lasting impact on conditions of service. FICSA supported the first eight recommendations of the Panel on the Strengthening of the International Civil Service, which had proposed measures to strengthen the functioning and composition of the Commission. Reform of ICSC was sorely needed.

28. **Ms. Perhman** (Finland), speaking on behalf of the European Union, the candidate countries Croatia and Turkey; the stabilization and association process countries Bosnia and Herzegovina and Serbia; and, in addition, Iceland, Moldova, Norway and Ukraine, said that in the common system ICSC had a unique role to play at the centre of the triangle formed by Member States, the management and the staff. If the Commission failed to address the needs of the three parties and failed to find a proper balance between them, the Organization's work would be seriously hampered. ICSC should be the centre of expertise on issues of human resource management, guiding multilateral organizations inside and outside the United Nations system. The European Union welcomed the recommendations of the Panel on the Strengthening of the International Civil Service as a good basis for strengthening the Commission.

29. Some of the topics addressed by the Commission in its reports were straightforward, while others were more complex and required more time to digest. Some issues were interlinked. The European Union had been following with interest the developments of the pilot study, and looked forward to hearing more in informal consultations concerning the progress made and the difficulties encountered. The European Union intended to build upon the work already done and to strive to resolve as many issues as possible before the end of the main session.

30. **Mr. Garcia** (United States of America) expressed his delegation's continued disappointment that the Committee had been unable to reach consensus on a common system resolution at the sixtieth session of the General Assembly because of differences over the 19 recommendations contained in the report of the Panel on the Strengthening of the International Civil Service (A/59/153). It had still not been possible to reach agreement on approving any of them. His delegation was concerned that the General Assembly was sending a contradictory message by, on the one hand, calling for reform of the Organization in the World Summit Outcome and, on the other hand, failing to take action on any of the recommendations to reform ICSC. He urged delegations to end the unnecessary and embarrassing stalemate that had prevented action on the recommendations, including the conditions of service of staff.

31. With regard to the report of ICSC for 2006, his delegation noted the progress which some participating organizations were making in connection with the pilot study on broad banding/pay-for-performance, and emphasized the need to establish indicators to evaluate the pilot study's results. On the question of gender balance, his delegation shared the Commission's disappointment at the lack of progress and looked forward to discussion of its recommendations. With regard to the staffing of field missions, his delegation welcomed the Commission's decision to form a working group to review the entitlements of internationally recruited staff serving in non-family duty stations. The review would take into account the need to harmonize entitlements across the common system. His delegation looked forward to considering the results of the review, as well as the interim measures proposed by ICSC regarding 300- and 100-series appointments. His delegation was ready to work with others in considering proposals for reforming the Commission and the Commission's decisions regarding conditions of service for staff.

32. **Mr. Jha** (India), noting that ICSC made an invaluable contribution to the success of the common system, said that it was very important for suitable financial and other incentives to be given to the staff in order to attract the best and brightest talent available and to motivate serving staff. The recommendations made by ICSC concerning conditions of service both at Headquarters and in the field deserved serious and timely consideration if the United Nations system was to remain attractive, compared with the private sector, in the international job market. It was also crucial that measures being considered should be rule-based and non-discriminatory and applicable to all staff, whether at Headquarters or in the field.

33. India called for a sympathetic review of hazard pay and other entitlements of internationally recruited staff serving in field missions, particularly those in high-risk areas. Recognition of their outstanding service deserved to be manifested in some form of special compensation. On the vital issue of gender balance, India had repeatedly called for urgent implementation of all relevant General Assembly resolutions throughout the United Nations system. All organizations must be encouraged to achieve the set gender targets within a specified time frame, and those failing to do so should be held to account. India called for a special focus to be placed on the recruitment of women from developing countries.

34. **Mr. Kishimoto** (Japan) said that some of the Commission's proposals could be considered for action without further delay, while others, such as the contractual arrangements and entitlements of international staff, needed to be scrutinized with a view to creating a more coherent and reliable system in the context of human resources policy. On the issue of staff in the field, it was his delegations hope that the working group and the Commission at its next session would analyse the nature of the work being carried out by international staff in each participating organization of the common system, study salaries and recruitment systems, and carry out a similar study for non-international staff in order to provide a comparison.

35. The Commission's recommendation on the level of base salary and allowances respected the approved methodology, and the new arrangement relating to the mobility and hardship allowance would help to make the system more transparent. His delegation was encouraged by the Commission's diligence in its efforts to implement the pilot study on a broad-band pay scheme and conduct salary comparisons in accordance with the Noblemaire principle. He noted that the Commission would continue that work and extend it to leave entitlements, the methodology for determining the educational grant and the other questions listed in the annex to the report.

The meeting rose at 11.25 a.m.